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Dated: November 13, 2007 Electronic Signature for James M. Denaro: /James M. Denaro/

IN RE APPLICATION OF: WILLIAM D. KIRSH, *ET AL.*

APPLICATION NO.: 09/784,045

FILED: FEBRUARY 16, 2001

FOR: **SYSTEM AND METHOD FOR
STANDARDIZED AND AUTOMATED
APPEALS PROCESS**

EXAMINER: R.W. MORGAN

ART UNIT: 3626

CONF. NO: 2531

REPLY BRIEF UNDER 37 C.F.R. §41.41

MS Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

Pursuant to 37 C.F.R. §41.41, Appellant hereby responds to the Examiner's Answer mailed on September 13, 2007, in the above-referenced matter.

Appellant notes that the Examiner's Answer, in sections (1)-(9) on pages 1-31, appears to reiterate verbatim the rejections made in the final Office Action mailed November 3, 2006. Appellant respectfully maintains that the rejections made in the final Office Action and reiterated in the Examiner's Answer should be reversed for all of the reasons described in Appellant's Amended Appeal Brief filed on July 13, 2007. The Examiner addressed the arguments in Appellant's Amended Appeal Brief on pages 31-34 of the Examiner's Answer. Appellant provides the following responses to those arguments.

(A) Claim 23 does not introduce new matter.

Appellant thanks the Examiner for withdrawing the rejection of claim 23 under 35 U.S.C. § 112, first paragraph.

(B) Burchetta does not teach an appeal that relates to a request for reconsideration of a claim adjudicated by an insurer and there is no evidence in the record to support the assumptions relied upon by the Examiner in rejecting claims 1-11 and 14.

In response to Appellant's arguments, the Examiner has maintained the arguments made by the Examiner in the final Office Action. Appellant reiterates that the Examiner's rejection, based on unsupported factual findings, is improper and should be reversed.

In the Examiner's Answer, at pages 32-33, the Examiner recited some of the alleged teachings of the prior art and, after conceding that the art did not teach certain claimed features, then concluded by relying on *In re Graves*¹ for the proposition that prior art, taken in combination with the knowledge of a skilled artisan, can put the artisan in possession of a claimed invention. Thus, without providing any factual basis as to the knowledge of a skilled artisan, the Examiner concluded that the claims were obvious.

¹ *In re Graves*, 69 F.3d 1147, 36 U.S.P.Q.2d 1697 (Fed. Cir. 1995).

Appellant respectfully submits that the Examiner's reliance on *In re Graves* is misplaced. *In re Graves* reaffirms the legal principle that "a reference anticipates a claim if it discloses the claimed invention 'such that a skilled artisan could take its teachings in combination with his own knowledge of the particular art and be in possession of the invention.'"² It is well-settled that the knowledge of one skilled in the art can be combined with a prior art reference in properly rejecting a claim. However, *In re Graves* does not support the Examiner's rejection in the present case for *In re Graves* does not excuse the Examiner from providing the factual basis for the Examiner's assertion of the knowledge of one skilled in the particular art.

In fact, this factual finding missing from the present rejection was made in *In re Graves*. In that case, the Federal Circuit found that the applicant had stated in a request for reconsideration that "one with knowledge of 'basic electronics and simple logic' would understand the difference between the operation of the [prior art] and the... claimed invention."³ Based on this statement, the Federal Circuit concluded that "the Board correctly held that a skilled artisan could take [the prior art] teachings in combination with his own knowledge and be in possession of the [claimed invention]."⁴ Thus, while *In re Graves* permits a rejection to be made based in part on the knowledge of one of skill in the art, it does not excuse the Examiner from providing a factual finding as to the knowledge of that skilled artisan.

While the Examiner in this case is correct to rely on *In re Graves* for the propriety of making a rejection based in part on the knowledge of one of ordinary skill in the art, the mere citation to *In re Graves* cannot complete a case of obviousness when the record fails to

² *In re Graves* at 1152.

³ *Id.*

⁴ *Id.*

provide any factual basis for the Examiner's assertions concerning the knowledge of one of ordinary skill in the art.

The Patent and Trademark Office's recent "Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*" (72 Fed. Reg. 57526-57535) provide further guidance concerning the factual basis required before a claim can be rejected as obvious. The Examination Guidelines require that:

Office personnel must therefore ensure that the written record includes findings of fact concerning the state of the art and the teachings of the references applied. In certain circumstances, it may also be important to include explicit findings as to...what a person of ordinary skill would have known... Factual findings made by Office Personnel are the necessary underpinnings to establish obviousness.

72 Fed. Reg. 57527 (emphasis added). In rejecting claims 1-11 and 14, the Examiner identified no teaching in any prior art reference of the claimed appeal that relates to a "request for reconsideration of a claim adjudicated by an insurer." Rather, the Examiner stated at p. 32 of the Answer that "common sense in the art suggests that an adjudicated claim is identified as a decision on a claim [in Burchetta]" and that the "Examiner considers litigation which is not pending as a claim that had been adjudicated by an insurer." These assertions concerning the "common sense in the art" and what the Examiner "considers" litigation to be are made without any reference to any factual finding. However, the Examination Guidelines clearly require that the Examiner provide evidence in the record of the knowledge of one of ordinary skill in the art in making these findings.

Federal Circuit case law also requires evidentiary support in the record. This case law and the shortcomings of the prior art are further addressed in Appellant's Amended Appeal Brief on pages 5-8. Appellant reiterates those arguments and incorporates those arguments by reference herein.

In the present case, the written record contains no finding of fact concerning the relevant state of the art and no finding as to how a person of ordinary skill in the art would have understood the relevant teachings of the prior art. The Examiner has not ensured that the written record includes the requisite findings of fact and has not provided any factual basis that could provide the "necessary underpinning" of an obviousness rejection. Because the baseless rejection of these claims is contrary to the Office's own guidelines and the Examiner's failure to provide a factual foundation is not excused by *In re Graves*, Appellant respectfully submits that these rejections are improper and should be reversed

(C) Burchetta does not teach an appeal that relates to a request for reconsideration of a determination of entitlement to benefits or services and there is no evidence in the record to support the assumptions relied upon by the Examiner in rejecting claims 15-21 and 23.

In responding to Appellant's arguments, the Examiner has maintained the arguments that the Examiner made in the final Office Action. Appellant reiterates that it is an insufficient basis for a rejection of the claims that "the Examiner interprets the series of demands and offers as requests for reconsideration of a determination of entitlement to benefits or services." For the same reasons discussed above in Section (B), *supra*, Appellant submits that the Examiner's interpretation of the prior art to teach something other than what it plainly teaches is an improper and foundationless factual assertion that does not meet the standards required by the Examination Guidelines and the Federal Circuit.

Appellant previously addressed the shortcomings of the cited prior art in Appellant's Amended Appeal Brief on pages 9-10 and reiterates those arguments and incorporates those arguments by reference herein.

(D) Newswire does not teach selecting a reason for an appeal of a denial.

In responding to Appellant's arguments, the Examiner has maintained the arguments that the Examiner made in the final Office Action. Appellant reiterates that Newswire fails to

teach the features of "automatically selecting a reason for an appeal of the denial, the selection being based upon the appeal data" of claim 15 or "processing the stored appeal data to identify a basis for an appeal" of claim 21. In the Examiner's Answer at page 33, the Examiner reiterated that the Examiner "interprets the validation step [of Newswire] to include selecting or identifying a reason for an appeal of a denial." Appellant respectfully maintains that the Examiner has misinterpreted the validation step of Newswire and that Newswire is unrelated to the claimed invention.

The specification of the present application describes that, in one example, a reason for an appeal or a basis for an appeal can be the basis provided by an insurer for a denial of a claim (see, for example, paragraph [0014]). It is well established that the pending claims must be given their broadest reasonable interpretation consistent with the specification. Appellant respectfully submits that it is not reasonable to interpret the "validation" of Newswire to include a basis provided by an insurer for a denial of a claim. Newswire teaches, at paragraph 13, that the validation step is merely checking for mismarked or illegible entries, correcting errors, and checking all fields for formatting and content. After validation, the Newswire software can export data in certain standard formats. The validation of Newswire is nothing more than a check to confirm that the data scanned in does not have obvious faults. Newswire does not teach the claimed invention as reasonably interpreted consistent with the specification.

Appellant previously addressed the shortcomings of Newswire in Appellant's Amended Appeal Brief at pages 10-11 and reiterates those arguments and incorporates those arguments by reference herein.

(E) The prior art fails to teach automatically identifying a regulatory agency.

As a preliminary matter, Appellant suggests that the rejection of claim 23 in Examiner's Answer appears to be a new ground of rejection. In the final Office Action at pages 28-30 and the Examiner's Answer at pages 29-31, the Examiner rejected claim 23 as unpatentable over Burchetta and Newswire in view of Official Notice. In the Examiner's response to Appellant's

arguments on page 34 of the Answer, the Examiner now appears to reject claim 23 based on certain assertions as to the knowledge of a skilled artisan and no longer relies on the Official Notice. Applicant respectfully submits that the rejection in the Answer based on the knowledge of a skilled artisan was not made in the final Office Action and amounts to a new ground of rejection.

With respect to the rejection in view of Official Notice, Appellant reiterates that it is not a common fact appropriate for Official Notice that "in the medical industry state laws and regulations provide guidance to physician and patent in determine [sic] reimbursement amounts or appeal information for health care insurance claims." (Examiner's Answer at 31.)

The MPEP in §2144.03(A) states that "official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known" and that "the notice of facts beyond the record which may be taken by the examiner must be 'capable of such instant and unquestionable demonstration as to defy dispute'" (emphasis added). Appellant respectfully submits that it is not capable of instant and unquestionable demonstration or beyond dispute that "laws and regulations...determine reimbursements amounts or appeal information for health care insurance claims." Furthermore, as discussed in Appellant's Amended Appeal Brief at pages 12-13, the Official Notice, even if based on well-known facts or common knowledge, is insufficient to support the rejection.

In addition to these reasons, the Examiner's rejection of claim 23 should be reversed for numerous additional reasons, as set forth below.

(1) The Examiner has not made a prima facie case of obviousness.

Claim 23 recites "automatically identifying a regulatory agency...the identification being based upon the identified state and the type of health care insurance in the received appeal data." In the final Office Action, the Examiner did not allege that this feature was taught by the prior art and took Official Notice of other facts that were not relevant to the

claimed feature. Now, in the Examiner's Answer, the Examiner attempts to support the rejection by reciting the teachings various references already made of record, but again fails to allege that these references teach the claimed features.

At page 34 of the Examiner's Answer, the Examiner describes that the references teach, for example, reading and interpreting handprint and machine information; that completed claim forms are scanned into a validation system; that a customized validation tool can be defined; and that a dispute can be forwarded to a mediator or arbitrator who can render a decision to the parties. After this generalized description of the references of record, the Examiner concluded that, "[a]s such, the knowledge of automatically identifying a regulatory agency, in general, has clearly existed in the art prior to Appellant's claimed invention."

In the Examiner's Answer, the Examiner has still not alleged that the prior art teaches "automatically identifying a regulatory agency... based upon the identified state and the type of health care insurance in the received appeal data." Thus, the Examiner has not made a prima facie case of obviousness. For at least this reason, the rejection should be reversed.

(2) *In re Graves* does not support the Examiner's rejection.

In the Examiner's Answer, the Examiner supported the rejection at issue with a citation to *In re Graves*. Appellant respectfully submits that *In re Graves* does not support the Examiner's rejection here. As discussed above, *In re Graves* does not excuse the Examiner from providing the factual basis for the Examiner's assertion of the knowledge of one skilled in the particular art. Also as discussed above, the PTO Examination Guidelines require that the Examiner provide and rely on evidence in the record of what one of ordinary skill in the art would have known.

In an analogous situation, the Board in *Ex parte Donaldson* (Unpublished BPAI opinion in Appeal No. 1998-0595), concluded that *In re Graves* was inapplicable:

As for the Federal Circuit's decision in *In re Graves*..., which the examiner also cited, it appears that the examiner is relying on the notion that what is otherwise known to one with ordinary skill in the art need not be described

in a prior art reference. That, however, does not help the examiner's position here, because the examiner has made no demonstration based on evidence in the record that putting a spindle synchronization command...was known to one of ordinary skill in the art.

(*Ex parte Donaldson*, emphasis added.) The Examiner's implicit conclusion, that one of ordinary skill in the art would know to combine the prior art with the claimed feature of "automatically identifying a regulatory agency...based upon the identified state and the type of health care insurance in the received appeal data" was made without the requisite demonstration based on evidence in the record. In fact, no evidence at all for the Examiner's conclusion was provided in the record. For at least this reason, the rejection of claim 23 should be reversed.

(3) The MPEP and case law cited therein requires that the rejection be reversed.

Appellant further submits that, on the basis of the MPEP, the rejection at issue should be reversed. MPEP §2144.03 relies on *In re Zurko* and states that:

[i]t is never appropriate to rely solely on 'common knowledge' in the art without evidentiary support in the record, as the principal evidence upon which a rejection was based. *In re Zurko*, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001) ('[T]he Board cannot simply reach conclusions based on its own understanding or experience-or on its assessment of what would be basic knowledge or common sense. Rather, the Board must point to some concrete evidence in the record in support of these findings.')

As the Federal Circuit held in *Zurko*, an assessment of basic knowledge and common sense that is not based on "concrete evidence" in the record lacks substantial evidentiary support. *Id.*, at 1385, 59 USPQ2d at 1697. See also *In re Lee*, 277 F.3d 1338, 1344-45, 61 USPQ2d 1430, 1434-35 (Fed. Cir. 2002) (In reversing the Board's decision, the court stated "'common knowledge and common sense' on which the Board relied in rejecting Lee's application are not the specialized knowledge and expertise contemplated by the Administrative Procedure Act. Conclusory statements such as those here provided do not fulfill the agency's obligation....The

Board cannot rely on conclusory statements when dealing with particular combinations of prior art and specific claims, but must set forth the rationale on which it relies.").

The United States Court of Customs and Patent Appeals made it clear, as early as 1967, that a rejection based on section 103 must rest upon a factual basis, rather than upon conjecture or speculation. "Where the legal conclusion [of obviousness] is not supported by the facts it cannot stand." *In re Warner*, 379 F.2d 1011, 1017, 154 USPQ 173, 178 (CCPA 1967). See also *In re Lee*, *supra*, at 1344, 61 USPQ2d 1434-35, and *In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006).

For at least this reason, the rejection of claim 23 should be reversed.

(4) The Supreme Court's analysis in *KSR* also requires the rejection be reversed.

The Supreme Court's decision in *KSR International Co. v. Teleflex Inc.*⁵ has not changed the fundamental analysis of an obviousness rejection. In *KSR*, the Supreme Court reiterated that the type of conclusory statement made by the Examiner in the present case is an insufficient ground for supporting a rejection. The Supreme Court, quoting from *In re Kahn*, stated that "rejections on obviousness cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness."⁶ In the present case, without any reference to any factual source, and without any reference to the understandings of one of ordinary skill in the art, the Examiner summarily concluded that "the knowledge...in general, has clearly existed in the art" and, based on that bare assertion, found the claim obvious in light of a prior art reference that taught none of these features. Appellant submits that this conclusory statement is not permissible under the analysis required by *KSR* and is not permissible pursuant to a long

⁵ *KSR International Co. v. Teleflex Inc.*, 550 U.S. ___, 82 USPQ 2d 1385 (2007).

⁶ *Id.* at 1741 (citing *In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336).

progeny of Federal Circuit case law. Appellant therefore requests that the rejection be reversed for at least this reason.

(5) The PTO's Examination Guidelines require that the rejection be reversed.

As discussed above, the Patent and Trademark Office's recent "Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*" provide further guidance concerning the factual basis required before a claim can be rejected as obvious. The Examination Guidelines require that "Office personnel must therefore ensure that the written record includes findings of fact concerning the state of the art and the teachings of the references applied." 72 Fed. Reg. 57527 (emphasis added).

In rejecting claim 23, the Examiner identified no teaching in any prior art reference of the claimed automatic identification of a regulatory agency. Rather, the Examiner recited various teachings of the prior art that are not relevant to the claim at issue and then, on page 34, concluded: "[a]s such, the knowledge...in general, as clearly existed in the art prior to Appellant's claimed invention."

Thus, in the present case, the written record contains no finding of fact concerning the relevant state of the art and no finding as to how a person of ordinary skill in the art would have understood the relevant teachings of the prior art. The Examiner has not ensured that the written record includes the requisite findings of fact and has not provided any factual basis that could provide the "necessary underpinning" of an obviousness rejection.

Because the rejection of claim 23 is contrary to the case law authority and the Office's own guidelines, Appellant respectfully submits that the rejection of claim 23 is improper and should be reversed.

Conclusion

The Examiner's rejections rest on speculation, fail to meet the preponderance of the evidence threshold, and, thus, fail to provide sufficient bases for finding the claims unpatentable for obviousness pursuant to 35 U.S.C. §103(a).

Appellant respectfully requests an oral hearing and a separate Request for Oral Hearing accompanies this Reply Brief.

In the event that the U.S. Patent and Trademark Office determines that an extension and/or other relief is required, Appellant petitions for any required relief including extensions of time and authorizes the Commissioner to charge the cost of such petitions and/or other fees in connection with the filing of this document to Deposit Account No. 50-0665 referencing docket no. 621848001US.

Respectfully submitted,
Perkins Coie LLP

Date: November 13, 2007

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